



Investor Network on
CLIMATE RISK

January 26, 2009

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Reid and Minority Leader McConnell:

We are over 40 treasurers, comptrollers, and institutional investors, representing over \$1.7 trillion in assets calling on Congress to swiftly pass an economic recovery package that contains significant funding for clean energy, energy efficiency, and public and clean transportation modes. These will create and retain jobs, save money, save energy, and reduce greenhouse gas emissions.

As we have now called for on several occasions, we urge you to achieve these goals by realigning national energy and transportation policies to reduce US greenhouse gas emissions, and creating policies to maximize energy efficiency throughout our economy. Before you are a range of policy measures to stimulate research, development and deployment of cleaner, more efficient technologies at the scale necessary. The economic recovery package should not pick technological winners, but rather should aim to bring forward a portfolio of technologies that both enable reductions in greenhouse gas emissions and promote America's energy security.

As part of this economic recovery package, we urge the Senate to pass longer-term economic incentives including extending the Production Tax Credit (PTC) for five years or more. A study by the consulting firm, Navigant, indicates that "historically, the PTC expiration has caused a 73 percent to 93 percent market drop to around 400 MW of annual installations." Such a market drop could potentially lead to significant job losses and reduced investments in renewable energy. Stronger federal incentives (and standards), therefore, are needed to overcome market barriers to the broader deployment of existing technologies and the development of new ones. As investors, our ability to continue to invest in the renewable energy and energy efficiency industries, and accelerate the growth of these industries, depends on a comprehensive and stable set of supportive policies, including a long-term extension of the PTC.

Moreover, as fiduciaries and long-term investors, we recognize that more efficient use of the energy we already produce is one of the fastest, easiest and cheapest ways to significantly reduce emissions and improve the bottom line of many companies in which we invest, especially with demand for energy increasing. Efficiency should be the "fuel of first choice." Additionally, this economic recovery package should include substantial funding for vital energy efficiency programs – such as retrofitting buildings – through

which the U.S. can reap the greatest gains from efficiency, create jobs, save substantial amounts of energy, reduce the burden on the nation's aging electric system, and save money. We also recommend that federal funds flow to states that allow utilities to treat energy efficiency comparable to new supply; states that adopt energy efficiency resources standards to achieve energy savings goals; or, states that adopt strong building codes to encourage energy savings.

In terms of the aging grid, part of the funding in this stimulus package should be directed toward modernizing and improving the electric grid system. This will move us toward a more stable and secure 21st century transmission and distribution system that is integrated with modern communications and information technology.

With the dire economic conditions we are facing, this is no time to fail to pass this critical legislation and thereby interrupt the greatest economic growth and job creation potential the U.S. market faces. We appreciate your attention to these matters.

Sincerely,

PENSION FUNDS, STATE TREASURERS AND STATE / CITY COMPTROLLERS:

California Public Employees' Retirement System

California State Controller

California State Teachers' Retirement System

California State Treasurer

Connecticut State Treasurer

Florida State Treasury

Illinois State Board of Investment

Illinois State Treasurer

Maine State Treasurer

Maryland State Treasurer

New Jersey Division of Investment

New Jersey State Investment Council

New York City Comptroller

New York State Comptroller

Oregon State Treasurer

Rhode Island State Treasurer

Vermont State Treasurer

ASSET MANAGERS, INVESTOR COALITIONS AND FINANCIAL SERVICES

FIRMS:

Boston Common Asset Management

British Columbia Investment Management Corp.

Calvert Group

Deutsche Asset Management

Northwest & Ethical Investments L.P.

F & C Asset Management

Generation Investment Management

Green Century Funds
Local Authority Pension Fund Forum
Pax World Funds
Portfolio 21
Trillium Asset Management
Tri-State Coalition for Responsible Investment
Walden Asset Management
Winslow Management

ENDOWMENTS AND OTHER INSTITUTIONAL INVESTORS:

American Baptist Home Mission Society
Dominican Sisters of Hope
Friends' Fiduciary Corporation
Mercy Investment Program
Presbyterian Church USA
Presentation Sisters, New Windsor, NY
Sisters of Mercy Regional Community of Detroit Charitable Trust
Sisters of St. Dominic of Caldwell, NJ
St. Joseph of the Capuchin Order
The United Methodist Church- General Board of Church & Society
Unitarian Universalist Association
Ursuline Sisters of Tildonk, U.S. Province

Cc: Senate Appropriations Chairman Inouye and Ranking Member Cochran
Senate Energy & Water Appropriations Subcommittee Chairman Dorgan
Senate Energy and Natural Resources Committee Chairman Bingaman and
Ranking Member Murkowski
Senate Finance Committee Chairman Baucus and Ranking Member Grassley